Packers and Stockyards administration

A Partial Report of Investigations in Europe, February to May, 1923.

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GREAT BRITAIN AND THE WORLD'S LIVESTOCK INDUSTRY:

BEEF AND MUTTON.

PART I.

To create or maintain conditions that will result in furnishing food enough for their people is a problem that demands the constant attention of the industrial nations of Europe. Practically none of them produce enough for their own needs, except in the case of certain specialties. No single feature of the food supply is more important than that of meat and other livestock products. Britain's insular position and preponderant development in the direction of manufacturing keep her face to face with the question of meat supply.

MEAT PRODUCTION IN GREAT BRITAIN

The United Kingdom, excluding Ireland, shows a distinct deficiency in the relation of the number of head of meat animals to each thousand of population. The number of cattle, sheep, and pigs per thousand persons has decreased more or less constantly during the last thirty years, as the following figures indicate:

Number of Cattle, Sheep, Swine, and Total of all Animals per Thousand of Population in the United Kingdom

Year	Cattle	Sheep	Swine	Total
1891	299	885	112	1296
1901	276	741	81	1098
1911	262	671	94	1027
1921	251	511	77	839

From these figures it is apparent that in thirty years cattle have decreased 48 head per thousand of people, sheep 374 head per thousand, and hogs 35, a total decrease for all species of 457 head per one thousand of population. The foregoing figures include Ireland, which is a surplus producing country. Omitting Ireland, the livestock population of England, Scotland, and Wales, comparing prewar with postwar conditions, was as follows:

Livestock Population of United Kingdom, excluding Ireland, for 1913 and 1921

Year	Cattle	Swine	Sheep	Total
1913	7,004,000	2,246,000	24,008,000	33,258,000
1921	6,698,000	2,667,000	20,578,000	29,943,000

The population of England, Scotland, and Wales in 1911 was 40,831,000, and in 1921 was 42,768,000. From these figures it appears that even in the case of swine, which show an increase, the gain but little more than kept pace with growth in population. The population in European countries changes very slowly. Population data are available only for census years and no reliable estimates are at hand for the prewar year of 1913. However, using the nearest available census figures in each case merely to indicate the relative position, the following results are obtained:

Number of Cattle, Swine, Sheep, and Total of all Animals per Thousand of Population in England, Scotland, and Wales

Year	Cattle	Swine	Sheep	Total
1913	171	55	588	814
1921	157	62	481	700

It will be interesting to compare some of the foregoing with the statistics for France, a country that wisely tries to be as

nearly self-sustaining as possible, with the Argentina, a great surplus producing country in all classes of livestock except swine, and the United States, a very large surplus producer in the case of swine, almost exactly self-sufficient as to beef, and relatively very deficient as to mutton. First, however, let us inspect separately the livestock figures for Ireland as of 1921, as she furnishes from her surplus a very large part of the British supply. In 1921, the census year, Ireland had a human and animal population as follows:

Human Population	No. of Cattle	No. of Swine	No. of Sheep	Animal Population
4,761,000*	5,197,000	977,000	3,708,000	9,872,000

* Census figures for 1911. No census taken in 1921.

Applying the above figures to determine the numerical relations the following results are obtained:

Number of Cattle, Swine, Sheep, and Total of all Animals per Thousand of Population in Ireland

Year	Cattle	Swine	Sheep	Total
1921	1091	205	778	2074

Based on many years' experience, it is estimated that in the United Kingdom 25% of the cattle and 40% of the sheep are available for slaughter each year.

FRANCE

Under peace conditions France for many years kept herself practically independent from foreign supplies of meat, except for small amounts particularly from her own colonies of Algeria and Madagascar. In 1890 she had 13,900,000 head of cattle. As shown below this number

had increased by above 800,000 in 1913, a period of twenty-three years. Nearly 100% of the increase was in cows kept for milk. France is deficient in fat production, particularly in pork fats.

Live Stock Population of France in 1913 and 1921

Year	Cattle	Swine	Sheep	Total
1913	14,788,000	7,036,000	16,131,000	37,955,000
1921	13,343,000	5,166,000	9,600,000	28,109,000

The population of France in 1911 was 39,602,000, and in 1921 was 39,210,000. Using the nearest available census figures for population in each case, the following results are obtained:

Number of Cattle, Swine, Sheep, and Total of all Animals per Thousand of Population in France

Year	Cattle	Swine	Sheep	Total
1913	373	178	407	958
1921	337	130	242	709

Indicative of the national effort to be self-sustaining are the signs in all restaurant cars, hotels and other eating establishments furnished by the Ministry of Agriculture, which say in French "Do not waste bread".

ARGENTINA

Next to the home grown supply Argentina furnishes Great Britain a larger part of its beef than any other source - nearly 32% of the whole. Combining beef and mutton, she provided 25% in 1921 of the total consumption of the United Kingdom.

Live Stock Population of Argentina in 1914 and 1919

Year	Cattle	Swine	Sheep	Total
1914	25,867,000	2,901,000	43,225,000	71,993,000
1919	27,721,000	3,199,000	45,767,000	76,687,000

The population of Argentina in 1914 was 7,885,000, and in 1921 was 8,699,000. Using the nearest available census figures for population in each case, the following results are obtained:

Number of Cattle, Swine, Sheep, and Total of all Animals Per Thousand of Population in Argentina

Year	Cattle	Swine	Sheep	Total
1914	3280	368	5482	9130
1919	3187	367	5261	8815

It is generally agreed that Argentina has as yet not much more than scratched its ultimate livestock producing capacity. At any rate she has definitely taken the place we formerly occupied in providing Great Britain with her beef supply and we are now a negligible factor in spite of our continued growth as a livestock producing nation.

LIVESTOCK CATTLE EXPORTS FROM THE UNITED STATES TO THE UNITED KINGDOM

The United States began to export cattle to the United Kingdom in 1873 when only 340 head were forwarded. The export grew rapidly and, in 1880, 156,490 head were shipped. It then fluctuated greatly for a number of years and not until ten years later (1889) did it exceed the 1880 level. In 1889 it shot up to 294,391 head, and in 1892 it reached 392,934 head. This was the maximum until 1897 when the high water mark in live cattle shipments for all time was reached at 416,299 head. Thereafter, for twelve years, shipments varied between 300,000 and 400,000 head. In 1909 they exceeded 200,000 head for the last time, namely, 205,449 head. By 1913 they had dropped to only 10,093 head. From 1914 to 1920, inclusive, no live cattle were

shipped to the United Kingdom from the United States. In 1921 there was renewed export to the number of 34,580 head.

The trend from Canada was the same in character with lesser total quantities.

RELATIVE TRENDS IN HUMAN AND ANIMAL POPULATION IN UNITED STATES AND UNITED KINGDOM

The population of the United Kingdom grew from 38,104,895 in 1891 to 47,158,219 in 1921. The gain was approximately 9,000,000 persons in thirty years. On the other hand, during the same period the population of the United States increased from 64,361,000 in 1891 to 107,833,000 in 1921, a growth of 43,472,000 persons, the mere increase thus exceeding by more than 5,000,000 the total for the United Kingdom at the beginning of the period.

On page 1 of this report is shown the numerical relation between population and live stock of the United Kingdom, including cattle, hogs, and sheep per thousand of human beings. For comparison the same facts for the same years, plus 1913, are shown as to the United States:

Number of Cattle, Sheep, Swine, and Total of all Animals per Thousand of Population in the United States.

Year	Cattle	Sheep	Swine	Total
1891	816	571	912	2299
1901	891	809	827	2527
1911	660	560	622	1842
1913	584	532	631	1747
1921	618	325	550	1493

For the convenience of those who may be interested the detailed figures on which the foregoing table is based are given in the following table:

Human and Animal Population of the United States
By Decades, 1891 to 1921, including 1913

Year	Total Human Population	Cattle	Sheep	Swine	Total Animal Population
1891	62,948,000	51,363,572	35,935,364	57,409,583	144,708,529
1901	75,995,000	67,719,410	61,503,713	62,868,000	192,091,123
1911	93,590,000	61,803,866	52,447,861	58,185,676	173,437,403
1913	96,826,000	56,527,000	51,482,000	61,178,000	169,187,000
1921	107,833,000	66,652,559	35,033,516	59,346,409	161,032,484

The situation presented by the data given shows quite clearly why the United States has become unimportant as a source of British beef and mutton supply. Obviously, the growth in population of the United States has absorbed its beef and mutton production. However, the experience of wartime demonstrated fully that given remunerative markets we can expand quickly our production to meet almost any need that can possibly arise.

The peak of war demand in Europe came in 1918 when North America shipped 208,509 tons of beef to Britain compared with 176,350 tons from all other sources, including home production.

The problem then is one of competitive costs that will reflect themselves in market returns. The American livestock grower can always potentially - given freedom of transportation,-supply an almost unlimited quantity of meat and will do so provided he can make a profit.

In 1917 North America furnished Britain only 44,442 tons of a total of 306,280 tons of beef imported.

AUSTRALIA AND NEW ZEALAND

After Argentina, the two commonwealths named above are the most important sources of fresh beef and mutton to the United Kingdom.

Australia, with a population of 5,346,000 has

13,237,000 cattle,
80,000,000 sheep, and
764,000 swine,

while New Zealand, with 1,227,000 inhabitants, has

3,323,223 cattle,
22,222,259 sheep, and
380,000 swine.

As Australia had a cattle population of 12,312,000 head as long ago as 1894, it is evident that the beef industry there is in a relatively stationary position.

The foregoing facts as to the livestock situation in Great Britain, Ireland, Argentina, the United States, Australia, and New Zealand, convey a fair idea as to the numbers of meat animals available in the various countries most heavily drawn upon by the United Kingdom.

THE SOURCES OF SUPPLY, IMPORTS, AND QUANTITIES OF BEEF, MUTTON AND LAMB CONSUMED IN THE UNITED KINGDOM IN 1922

There was no census of Ireland in 1921. In order, therefore, to determine as nearly as possible the per capita consumption for the British Isles for 1922, 1921 census figures have been used for England, Scotland, and Wales, in combination with the 1911 census figures for Ireland. As Irish population is practically static, the results will be reasonably correct. The approximate population of the United Kingdom as thus determined is 47,158,000. Using this basis and the total consumption figures shown in the next table, the per capita consumption of beef is found to be 60.88 lbs. and of mutton and lamb 25.84 lbs. British pork consumption is 35.6 lbs. per capita.

In comparison the consumption figures for the United States are:

Beef	66.3 lbs.
Mutton and Lamb	6.2 "
Pork	69.8 "

In 1922, 46.48 per cent of the available beef and mutton supplies of the United Kingdom were imported. Of this amount

28.63%	was frozen;
16.38%	" chilled;
0.60%	" fresh killed;
0.87%	" live stock; thus
46.48%	" total imports, of which
2.44%	" re-exported, leaving
44.04%	of the supply derived from imports,
55.96%	of supply derived from home production, and
100.00%	Total consumption.

Of the frozen meat, 10.52 per cent came from Argentina, 9.85 per cent, chiefly mutton and lamb, came from New Zealand, and 5.89 per cent from Australia.

Of the chilled meat, 86.9% came from Argentina, and 13.1% from Uruguay. The following table shows the origin, amount by countries and relation to total of fresh, frozen, and chilled beef, mutton and lamb available for consumption and the quantities consumed in the United Kingdom in 1922:

	Beef	Mutton and Lamb	Total	Percent of Total Supply
	Tons*	Tons	Tons	
Home Grown (est.)....	767,300	254,600	1,021,900	54.6
Argentina	380,448	71,514	451,962	24.1
Australia	58,330	49,205	107,535	5.8
Uruguay..............	57,301	5,826	63,127	3.4
New Zealand..........	29,017	150,803	179,820	9.6
Live Imports	15,929	-------	15,929	0.9
Patagonia (Chile)....	------	7,810	7,810	0.4
North America........	7,395	120	7,515	0.4
Fresh Killed Imports	4,045	7,027	11,072	0.6
Brazil	2,006	-------	2,006	0.1
South Africa.........	198	-------	198	0.01
Other Countries	1,560	133	1,693	0.09
Total Imports	1,323,529	547,038	1,870,567	100.00
Deduct Reexports	41,667	2,930	44,597	
Total Consumption	1,281,862	544,108	1,825,970	

* 2240 lbs. per ton.

Of Britain's total mutton supply 52% in 1922 came from New Zealand; 24%, from Argentina; and 16% from Australia. The remaining 8% came from "Other Countries" including Uruguay.

BRITISH MEAT TRADE CENTERS.

In England one is struck immediately with the concentration of the distribution of meat in a few large centers, most especially in London with respect to beef, fresh and frozen mutton, and fresh pork, and in Liverpool with respect to shipments of live cattle and provisions with particular attention to all classes of pork products. London, Liverpool, Southampton, and Glasgow are the most important central markets and ports in the meat trade. London is not only the most important in this group, but in the world.

In London the whole matter focuses in the great central market technically known as "City Markets, Smithfield", commonly known as

"Smithfield Market", which is owned by the City of London and which is an important source of supply of fresh meats for the major part of the population of the South of England. To those accustomed to American methods of decentralized distribution, an almost unbelievable quantity of meat passes through Smithfield.

To get a suggestion of the huge volume of business done through this one market, it may be said that, in 1922, 463,074 tons were handled. This means nearly 9,000 tons of meat a week, or an average of nearly 1,800 tons per day. No other market in the world even approaches such quantities. For instance, it is estimated that the total amount of meat of all kinds consumed annually in New York - passing through all its myriad channels - is 820,800,000 lbs. A quantity more than 100,000,000 lbs. greater than this, viz. 926,148,000 lbs., passed through Smithfield central markets alone in 1922.

When it is remembered that London has other important markets, such as Leadenhall, Aldgate, City Shops, and City Cold Storage, its rank as an important consuming center can be visioned readily. Its importance to the meat producers of the world outside the United Kingdom is shown by the fact that 84.6% of the beef; 85.8% of the mutton; and 69.7% of the pork received was imported from foreign countries. Of the 463,074 tons handled at Smithfield, only 87,820 tons came from home bred animals.

Other cities and ports of importance are Liverpool, Manchester, Bristol, Hull, New-castle, Avonmouth, and Cardiff. Only Liverpool compares even remotely in volume of business with London.

The different markets vary greatly in their preference as between beef, mutton and pork; as between heavy and light carcasses; as between fresh, chilled or frozen meat; as to country of origin; and many other factors.

INSPECTION OF AMERICAN MEATS IN THE CITY OF LONDON

The origin of Smithfield's meat supplies in 1922, expressed in percentages of the total, was as follows:

British;	
Country killed	14.7%
Town killed	4.3%
American;	
Foreign killed...........	9.7%
Home killed	1.7%
South American;	
Imports	42.0%
Australian and New Zealand;	
Imports	27.6%
	100.0%

America furnished 11.4% of the total, which includes pork, edible offal of all kinds and miscellaneous meat foods, as well as beef and mutton.

Meat inspection in Smithfield market is in charge of the Medical Officer of Health of the Corporation of London. Through the courtesy of Col. T. Dunlop Young, Veterinary Surgeon in Charge, the accompanying figures are given. Foods liable to seizure are classed either as <u>diseased</u> or <u>unsound</u>. Of a total of 262,065 lbs. of beef, mutton, pork, veal, and offal seized by the Meat Inspection authorities because <u>diseased</u> and later destroyed, not a single pound

was of United States origin. Of a total of 1,099,364 lbs. of beef and 793,941 lbs. of mutton, seized because unsound, not a single pound came from the United States.

In comparison - and the greater distance which the meat must be shipped and the greater risks therefore attending must not be forgotten - Argentina had 678,693 lbs. of beef condemned, and New Zealand 447,507 lbs. of mutton.

In 1921, more than 281,000,000 lbs. of American bacon were shipped to United Kingdom. How much of this passed through Smithfield the writer was unable to determine. Certain it is that the amount was large. However, only 109 lbs. were seized because unsound.

In the case of fresh, frozen, and other forms of pork, excluding bacon, 217,853 lbs. were seized on which only 8,286 lbs. came from the United States.

Of offal, 682,078 lbs. were declared unsound, only 5,047 lbs. of which came from America.

The total "unsound" seizures of beef, mutton, pork, veal, offal, and bacon in 1922 were 2,817,827 lbs, to which we contributed only 13,439 lbs.

Col. Young, the chief veterinary surgeon of the Public Health Department regards the meat inspection system of the United States Bureau of Animal Industry as a model for the rest of the world, and does not hesitate to say so.

A Month's Supply of Meat for London.

The Superintendent of the London Central Markets publishes a monthly statement showing receipts, sources, etc. and comparisons

with the same month for the previous year. The greatest tonnage ever received on Smithfield Market on any one day was on December 22, 1913, when 4,398 tons came to the Central Markets. The maximum for any one day in 1922 was 3,659 tons. The minimum was 142 tons on a Saturday, on which day throughout the year there is practically no wholesale business. The month of February is a short month but the statement of the Superintendent for February, 1923, is given herewith as illustrative:

> "Supplies during February aggregate 36,806 tons as against 35,551 tons in February 1922, being an increase of 1,255 tons or 3.5 per cent.
>
> "Beef from North American cattle slaughtered in England and marketed here, during the month aggregated 425 tons as against 163 tons in the same month last year, an increase of 262 tons.
>
> "Total supplies so far this year 78,819 tons as against 77,752 tons in the same period 1922.
>
> "British supplies aggregate 14,986 tons as against 17,498 tons in 1922 - a decrease of 2,512 tons or 14.3 per cent.
>
> "Imported supplies aggregate 63,833 tons as against 60,254 tons in the same period 1922 - an increase of 3,579 tons or 5.9 per cent.
>
> "Home bred beef forms 15.9 per cent of the total beef supplies, whilst home bred mutton and pork form 15.8 per cent and 24.7 per cent respectively of the total mutton and pork supplies.
>
> "South America and Australasia continue to supply the great bulk of the beef and mutton consumed in Greater London: whilst Holland easily leads in the supply of pork, and Denmark is coming well to the fore as regards fresh killed beef."

In reading the foregoing statement it should always be remembered that the tons referred to are long tons of 2240 lbs. Likewise that if hundred weights are referred to at any points, they are hundred weights of 112 lbs.

The gain in North American cattle slaughter in England during

the same month for the previous year. The greatest tonnage ever

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"British supplies aggregate [illegible] 17,498 tons in 1922 - a decrease of 2,512 tons or 14.3 [illegible]

"Imported supplies a [illegible] 63,333 tons as against 60,254 tons in the same period 1922 - an increase of 3,079 tons or [illegible]5 per cent.

"Home bred beef forms 15.9 per cent of the total beef supplies, whilst home bred mutton and pork form 15.1 per cent and 24.7 per cent respectively of the total mutton and pork supplies.

"South America and Australasia continue to supply the great bulk of the beef and mutton consumed in Greater London; whilst Holland easily leads in the supply of pork, and Denmark is coming well to the fore as regards [illegible] [chi]lled beef."

In reading the foregoing statement it should always be re-

that the tons referred to are long tons of [illegible]

1923 is worthy of note, and so also is the decrease of 14.3% from 1922 in the home grown supply.

COMPARISON OF THE TREND OF SUPPLIES OF CHILLED AND FROZEN BEEF FROM THE UNITED STATES AND ARGENTINA TO GREAT BRITAIN

In the five-year period from 1900 to 1904 the average export of frozen and chilled beef from the United States to the United Kingdom was 300,781,600 lbs. By 1913 it had fallen to 163,744 lbs.; in fact, had almost vanished. Pressure of war demands put the amount up again suddenly and it reached a peak in 1918 of 401,357,488 lbs. By 1921 a sharp drop toward normal brought the exports down again to 16,683,856 lbs. In 1922 the supplies of chilled and frozen beef from the United States to Great Britain had fallen to zero. In this year the number of live cattle shipped, which had been zero from 1914 to 1920 inclusive, was 29,595.

In contrast with the course of things stated above in regard to the United States, the average quantity shipped from the Argentine Republic in the five-year period from 1900 to 1904 was 110,553,408 lbs. By 1913 the exports had gone up to 803,250,000 lbs. During the war by reason of insufficiency of shipping tonnage, Argentina's exports suffered very greatly and had fallen to less than 224,000,000 lbs. in 1918, when the United States reached its maximum of all time.

On the other hand, by 1921 the natural progress of events had brought Argentina up to 837,570,272 lbs. In 1922 Argentina's exports had risen to 887,844,160 lbs.

worthy of note, and so also is the decrease of 14.5%

the home grown supply.

COMPARISON OF THE TREND OF SUPPLIES OF CHILL
FROM THE UNITED STATES AND ARGENTINA

In the five-year period from 1900 to 1904 the average exports

and chilled beef from the United States to the United

Kingdom was 300 743,600 lbs. By 1913 it had fallen to 153 745 100

facts, had almost vanished. Pressure of war demands cut the amount

again suddenly and it reached a peak in 1918 of 401 357 482 lbs. By

1921 a sharp drop toward normal brought the exports down again to

3,856 lbs. In 1922 the supplies of chilled and frozen beef

the United States to Great Britain had fallen to zero. In this

the number of live cattle shipped, which had been zero from 1917

inclusive, was 25,595.

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THE ENGLISH CATTLEMAN'S ATTITUDE REGARDING ADMISSION OF CANADIAN STORE CATTLE TO UNITED KINGDOM

By act of Parliament during the spring of 1923, after a long period of agitation, Canadian store cattle - as feeders are called in the United Kingdom - are now admitted on practically the same basis as Irish cattle. Estimates ranging all the way from 70,000 to 200,000 head per year were heard as the number likely to be shipped. As an average shipload of live cattle is about 700 head, it will take from about 100 to nearly 300 ships to transport the minimum and maximum numbers estimated.

British livestock interests generally appear to believe that the admission of Canadian feeders will ultimately ruin the small English cattle raiser. They further feel that an unfair advantage has been taken of them, not only by the Canadian Commission that engineered the arrangements but by their own Ministry of Agriculture and others in authority over agricultural matters.

IRISH VIEW OF THE EFFECT OF ADMITTING CANADIAN FEEDERS

Great Britain and Ireland breed annually nearly 4,000,000 head of store cattle, hence the maximum from Canada, if 200,000 per year are brought in, would amount to about 5% of the home supply. The bulk of Canadian shipments would necessarily be made during the same season as range cattle are shipped to market in the United States. The heaviest shipments would fall in the autumn months, September, October, and November. Spring shipment is not likely to be resorted too to any great extent, except in

the case of fat cattle or cattle practically ready to kill.

Hitherto the Canadian stockers and feeders now destined for direct shipment to the United Kingdom, as well as Canadian fat cattle, have very largely come to the United States. The tariff act of 1922 imposes a duty of 1 1/2¢ per pound on beef animals weighing less than 1050 lbs., and 2¢ per pound on those weighing more than 1050 lbs. per head. Sheep pay $2 per head. On the other hand, the duty on fresh beef and veal is 3 1/2¢ per pound; on mutton 2 1/2¢ per pound; and on fresh lamb 5¢ per pound.

Dr. J. H. Grisdale, Deputy Minister of Agriculture of Canada, and Hon. Duncan Marshall, Canadian Livestock Commissioner, were in the United Kingdom during the writer's visit. The latter was reported as stating that "England can take all the Canadian animals available as well as the present Irish receipts."

The Irish time of heavy shipments now coincides with what will be forced upon Canada by the nature of her winter weather. Ireland can - and no doubt will - change her plans to make the heaviest shipments begin in the spring, and thus her cattle will be out of the way in good part by the time the Canadian shipments begin to come forward.

The Irish do not fear Canadian competition and say: "There is no better class of beef cattle in the world than the first-class Irish store got by a pure bred bull." The Canadians on the other hand say: "Irish cattle compared unfavorably with the Canadian on arrival."

At any rate, winter conditions are so mild in Ireland that by storing some additional roughage and roots to supplement their winter grazing the Irish feel they need not fear the new Canadian competition.

ADMISSION OF CANADIAN BREEDING CATTLE

Encouraged by their successes in getting feeders admitted to the United Kingdom - fat cattle have practically always been admitted for killing - the Canadian authorities almost immediately applied for the right to bring in breeding cattle as well. This permission has been granted, to the satisfaction of Canada and to the great discomfiture, not to say actual alarm, of the British cattle breeder who for 150 years has set the pace for the world. Defensive work to keep out the foreign breeding cattle and to get a modification of the decree with reference to Canadians is in contemplation.

A source of special vexation is the fact that Canadian feeders are admitted without being required to undergo a test as to freedom from tuberculosis. The breeding stock when imported is not subjected to proper quarantine either before embarkation or after debarkation.

On the other hand, British breeding cattle must submit to a thirty days' quarantine when they are landed in Canada, and are also subject to the tuberculin test.

WHAT IS THE OUTLOOK FOR AMERICA IN THE BRITISH FRESH MEAT MARKET?

America's efficiency in swine production will for many years continue her importance as an exporter of pork and pork products.

Our average shipments to United Kingdom for the five-year period from 1910 to 1914 was about 450,000,000 lbs. In 1919 we shipped 1,369,000,000 lbs., while for the fiscal year ended June 30, 1922, we shipped 676,000,000 lbs. With the rehabilitation of agriculture in Europe these figures will be subject to gradual modification.

As to mutton, little need be said. Artificial refrigeration and the operation of economic forces will see to it that New Zealand and Australia and Argentina supply the need.

As we have only 325 sheep per thousand of population while the United Kingdom has 511, it might on the face of it seem more likely that we would import from thence.

As to beef, the British market no longer looks to America for any notable supplies of fresh meat. Domestic beef production in the United Kingdom is a relatively stable proposition. As grain prices go up lands devoted to pasture tend to decrease and home production of beef and mutton to decrease. As grain prices go down - and they are now not compensatory - more land comes into grass with a concurrent increase in beef and mutton production.

Neither of these oscillations as they occur will result in a large modification of supplies, considered from the standpoint of the total quantity needed. They will, nevertheless, have a profound effect on competitive prices of imported meats.

The meat trade of Great Britain is fully convinced that the trend of the future will be for a greater and greater production in the Argentina which will overshadow every other source of supply

in the world. Next in importance as to the future will be the development of additional supplies from Australia and New Zealand. South Africa, they believe, will show some increase as time goes on but not enough to play an important role in world commerce. Brazil, with great latent possibilities, will increase but always remain of less importance then its potentialities warrant, chiefly by reason of disease and the enormous difficulties of efficient production under tropical conditions.

Many factors will affect the relation of the United States to the problem. The most important perhaps is the relatively high cost of production here compared with countries now in the pioneer stage. Other factors which demand consideration are the mutation of America from a predominantly agricultural to a predominantly industrial nation, the decrease in the number of beef cattle relative to population, the high purchasing power of its people, more efficient beef production methods that will constantly come into use, the growth of the dairy industry which has greatly increased the proportion of cattle of dairy characteristics received at market centers, the younger age at which slaughtering now takes place, and many others.

With all, it should be remembered that the United States may at any time on two to three years' notice become a great source of surplus beef supplies. During the war we increased our production so rapidly that in spite of an increased consumption per capita at home we exported in 1917 and 1918 combined more than 1,000,000,000 lbs. of beef, which was 7% of our own production and 22% of the total export of the world during those years.

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GREAT BRITAIN AND THE WORLD'S LIVESTOCK INDUSTRY:

PART II

THE VESTEY INTERESTS

THE IMPORTANCE OF REFRIGERATION TO THE BRITISH MEAT SUPPLY

The part that the invention of refrigeration machinery and the application of refrigeration to the shipment of fresh meats have played in the British food supply can scarcely be overstated. The climate of Great Britain is so cool that home-grown and killed meats are practically never artificially cooled. On the other hand, the 50% of foreign meats consumed in United Kingdom come either frozen solid or chilled at temperatures ranging from 29° to 32° F.

The first really important shipments of chilled and frozen beef were made in 1880, though small quantities began to arrive as early as 1870. Since that time the quantity has increased enormously from year to year, as may be seen from the following:

Total Imports	... 1870[1]	....	3,341,968 lbs.
" "	... 1880[1]	....	82,695,984 "
" "	... 1890[1]	....	218,778,448 "
" "	... 1900[1]	....	467,127,360 "
" "	... 1910[1]	....	903,673,680 "
" "	... 1915	....	963,154,528 "
" "	... 1920	....	1,104,200,832 "
" "	... 1921	....	1,300,272,400 "

[1]The figure shown for the first year of each decade to 1910, inclusive, is an average based on the first five years of the decade.

With the development of the frozen and chilled meat business there grew up the necessity for adequate cold storage space to hold meat at ports and at great market centers for intelligent and economical distribution. As a result, Great Britain now has a total of 38,396,600 cubic feet of cold storage space. So far as the Provinces are concerned, this total includes only those houses that have not less than 100,000 cubic feet each. Of the above, total capacity to the extent of 15,033,500 cubic feet is located in London, including all of the principal stores down to about 35,000 cubic feet capacity.

The Vestey Brothers, Ltd., Cold Storage Space

The largest single enterprise in the cold storage business of the United Kingdom is the Union Cold Storage Co., Ltd., which with other enterprises mentioned in this report is owned and/or controlled by Lord Vestey and Sir Edmund Vestey, his brother, and their associates. As nearly as can be determined, the Vestey interests have in London 3,905,000 cubic feet of refrigerated space of a total of 15,033,500 cubic feet, which is equivalent to 25.3%.

In Provincial England the grand total for all houses with over 100,000 cubic feet capacity is 23,363,100 cubic feet. Of the Provincial total, Liverpool possesses 8,332,290 cubic feet, of which 5,808,000 is owned or controlled by the Vestey organization.

Outside of Liverpool and London, the Provincial supply owned by Vestey Brothers is 2,902,000 cubic feet. The most important of the Provincial towns are as follows, with the cubic feet of Vestey space in each case:

Bristol	120,000
Glasgow	1,297,000
Hull	680,000
Manchester	705,000
Newcastle	100,000

It appears, therefore, that Vesteys have in London 3,905,000 cubic feet; in Liverpool 5,808,000 cubic feet; other Provincial cities 2,902,000 cubic feet; and a total of 12,615,000 cubic feet.

Of the total Provincial space of 23,363,100 cubic feet, Vesteys own 8,710,000 cubic feet, or 37.2%.

Of the total United Kingdom space, the Vesteys own 12,615,000 cubic feet of the 38,396,600 cubic feet, or 32.8%. All the other owners possess 25,781,600 cubic feet compared with Vesteys 12,615,000 cubic feet.

The growth, size, and geographical distribution of the Union Cold Storage Co.'s plants are of more than passing interest to students of live-stock economics in the United States by reason of the fact that under the Consent Decree of the Supreme Court of the District of Columbia, the five largest American packers, by agreement, estopped themselves permanently from engaging in the public cold storage business. Some of the cold storage plants acquired by the Union in the course of its present development are the following:

Colonial Consignment & Distributing Co., London.
Nelson Brothers, Ltd., with Australian and New Zealand affiliations.
North Eastern Cold Storage Railway Co., Hull.
Scottish Cold Storage and Ice Co., Glasgow.
Liverpool Riverside Cold Storage Co., Liverpool.
Eastman's, Ltd., London and other cities.
James Nelson & Sons, London.
British and Argentine Meat Co.

and many others erected and conducted by private enterprise or municipal or other public authority.

According to the Union's own statement their houses have capacity for millions of carcasses. They can store comfortably at one time more than a whole year's shipment of mutton from New Zealand. This would be in the neighborhood of 3,000,000 carcasses. Their cold storage business is the largest of its kind in the world. In addition to operations in the homeland and in production countries, they have storages in France, United States, Spain, and Russia. In the latter country they had - and possibly still have - plants in four different cities. In addition to chilling and freezing hundreds of thousands of carcasses of meat monthly, they manufacture many thousands of tons of ice. It is the policy of the company to own and control sufficient cold storage space to make them free from domination or competitive control as far as possible in all producing and consuming countries in which they operate.

The extent of their operations in cold storage alone would create a world-wide interest in the operations of the Vestey organization. When their packing, shipping, wholesaling and retailing activities are added, the thought immediately occurs that there may be something for America to learn, emulate, or to be watchful of in the integration of production and marketing functions that has been affected by this group of individuals. In passing it may be said that "Refrigeration" was the first password in the upbuilding of the at present little exploited chain of enterprises conducted under the domination of Lord William Vestey.

PUBLIC INTEREST IN THE VESTEY OPERATIONS

American packing companies have been subjected to so much pitiless publicity, much of it no doubt deserved but much of it also undeserved and

harmful to the industry as a whole and to the social and political stability of the State, that an observer in England is struck with the lack of public criticism of even so widespread and many sided a development as the Vestey's. Here and there it is stated that the British Government is backing these enterprises in pursuance of a policy of insuring the British Isles against the danger of a food shortage. Such encouragement and support, under the circumstances, would not seem unnatural. The lack of public opposition is to an extent reflected by the following Associated Press item transmitted from London and appearing in American papers:

> "London, July 10. - The proposed fusion of nine meat concerns controlling more than 2,400 retail stores and depots in Great Britain with the Union Cold Storage Company, recently announced, was a subject of consideration in the House of Commons today. A member asked the president of the board of trade, Sir Phillip Lloyd-Greame, whether he proposed to take steps to protect the consumers against any attempts at exploitation by such a combination or to introduce legislation dealing with trusts and combines.
>
> "Sir Phillip replied that he had no reason to suppose the contemplated consolidation would be disadvantageous to the consumer and said the government did not consider it necessary to introduce general legislation of the kind referred to in the critical state of trade."

In the United Kingdom, monopolies, combinations, and trusts operating in restraint of trade are not subject to criminal prosecution, and are unlawful only when shown clearly to be contrary to public policy. Furthermore, public policy is construed by the English courts in a somewhat narrow and technical sense so that combinations are not regulated to anything like the extent that is customary under the laws of the United States, Canada, Australia, and some other countries.

Utilizing the Union Cold Storage Co. as an acquiring and administrative unit, the Vesteys appear to be building up a vertical combination of a magnitude not hitherto attained in the food trade. Horizontically, several of our own packing companies exceed the new developments in England, but in the vertical range of their activities they are not to be compared.

In a large sense, American packing companies' operations begin with the purchase of the live stock at the central stockyards and cease with the sale of the meat by the wholesale branches to the retailer. The Vesteys not only own ranches but operate in every section of the field from livestock production to actual retail distribution, including the ownership of a sizable ocean steamship line. "From rancho to dinner plate" is the new situation.

The New York Journal of Commerce recently carried the following item showing a capitalization of approximately $50,000,000 of that portion of the Vestey operations conducted or to be conducted through the Union Cold Storage Company alone:

> "London, July 12. - The preferred shareholders of the Union Cold Storage Company today sanctioned an increase in capitalization to £ 3,730,000 by the issue of further 6 per cent preferred shares to a total of £ 3,300,000 and £ 700,000 in ordinary shares.
>
> "The money is required to buy in, at a price of £ 4,000,000, all the ordinary shares in nine leading meat concerns, including the British & Argentine Meat Company, Eastman's, Ltd., and seven others controlling more than 2,400 retail stores and depots in Great Britain, as well as factories and wholesale warehouses.
>
> "The board of directors, in passing on the project recently, expressed the opinion that the deal would put the company in an unrivaled position."

Neither voluntarily nor by statute does business submit itself to the amount of public information in the United Kingdom that is common in

the United States. There, even businesses that would be considered by us as being distinctly affected with a public interest are regarded as private businesses. Concerning them, only information of a very general nature can be obtained. As a consequence, the material contained in the present report has been obtained from a great variety of sources whose complete accuracy cannot be vouched for, but it is believed that the material is approximately correct.

COMPONENT PARTS OF THE VESTEY ORGANIZATION

The chief owning and operating companies consolidated under Vestey control are shown in the following chart:

- VESTEY BROS., LTD.
  - UNION COLD STORAGE Co., Ltd.
    - VENEZUELAN MEAT EXPORT CO., LTD.
    - BRAZILIAN MEAT CO., LTD.
  - WESTERN UNITED INVESTMENT CO., LTD.
    - W. WEDDEL & CO., LTD.
    - BRITISH & ARGENTINE MEAT CO., LTD.
      - LAS PALMAS PRODUCE CO., LTD.
      - ABOUT 1,000 RETAIL MEAT SHOPS OWNED BY B. & A. MEAT CO., LTD., IN THIS COUNTRY.
  - TUPMAN THURLOW & CO. (New York & Chicago)

The extent to which Vestey Bros., Ltd., own and operate other companies is not clear but in the retail field at least they do have extensive multiple shop or chain store operations not brought out by the foregoing chart. Among these may be mentioned

Wm & R. Fletcher, Ltd.,	400 shops
Argenta, Ltd.,	300 "
Eastman's, Ltd.,	900 "
Ainslie Brothers,	100 "

The number of shops given in each case is believed by the informed section of the public to be fairly correct. At least two other chains, not including the recently acquired 900 British and Argentine shops, were stated by some to be owned by the Vesteys.

The Union Cold Storage Co., Ltd., owns all the share capital of

Blackfriars Lighterage & Cartage Co., Ltd.
The Pure Ice Co., Ltd.,
The International Export Co., Ltd.,
Shanghai Ice & Cold Storage Co., Ltd.,
The Union Cartage Co., Ltd.,
The Mersey Pure Ice & Cold Storage Co., Ltd.

Vestey Bros., Ltd.

This company was formed in 1915 with a nominal capital of 250,000 pounds, or approximately $1,170,000. The company is a private company so that it is not possible to secure details as to their holdings and activities.

The Union Cold Storage Company is the largest of its kind in the world. The other operations shown in the chart to be under the direct control of Vestey Bros., Ltd., are none of them small businesses. In addition to the concerns mentioned, Vestey Bros., Ltd., are said to own docks and unloading facilities in various countries, wholesale houses in the various Provincial towns, and thirty wholesale markets in the great Central Markets, Smithfield.

The Eastman company, now owned directly, not only added an enormous string of retail shops to the enterprise but cold storage space in the United Kingdom sufficient to hold 350,000 carcasses of mutton. This com-

pany was formed in 1889, with a capital of about $4,000,000, to acquire the cattle and fresh meat business of the Eastman Brothers of New York and of John Bell & Sons of London and Glasgow. The latter was one of the first to organize and conduct chain stores for the disposal of frozen meat in Great Britain. That business was originally established in 1827 and had grown to a point where it did about $10,000,000 worth of business a year when it became a part of the Eastman's, Ltd., organization.

The first U.S. Meat Inspection Act was passed in 1890. Its particular purpose was to safeguard our export trade. The first inspection for export under it was made in May, 1891, in Eastman & Company's abattoir in New York.

In 1900 the American business of Eastman Brothers was discontinued, property sold, and the company devoted wholly to the development of retail distribution, with only the necessary supplemental wholesale organization in Smithfield market. The cold storage houses of this company are located in London, Glasgow, Dublin, Liverpool, Manchester, Leeds, Newcastle, Bristol, Chatham, Sheerness, and possibly other points. As long ago as 1912 this company had over 4,000 employees.

The members of the Vestey family known to be connected are

Lord William Vestey,
Sir Edmund H. Vestey,
Hon. Samuel Vestey, and
P. C. Vestey.

Union Cold Storage Co., Ltd.

This company was originally registered in 1897 and its style was changed to the present form in 1903. Its offices are in West Smithfield. Its directors are

P. P. Sing, Chairman,
Lord Vestey,
Sir E. H. Vestey,
T. B. Horsfield,
W. G. Bundey,
Hon. S. Vestey, and
P. C. Vestey.

From one to several of these directors appear in connection with practically all of the other so-called Vestey companies. The authorized and issued capital of Union Cold Storage Co. up to its latest action was 4,780,000 pounds sterling. The preferred shares were sold to the public in several classes, and pay 6%, 7%, and 10% dividends, according to class.

The common and controlling shares are owned privately and during recent years have paid dividends at the rate of 10%.

In 1922 the directors found it advantageous to dispose of certain unnamed properties, which were sold at a profit of more than $2,000,000.

Western United Investment Co., Ltd.

This is a holding company for the Vestey interests. Through it, in October and November, 1922, were acquired the outstanding shares of the British & Argentine Meat Co., Ltd. The nature of its further activities was not determined, except that it is the chief shareholder in W. Weddel & Co., Ltd., discussed below. Weddel operates as the active selling agent for a large part of the products of the Vestey packing and other plants in the various parts of the world.

British & Argentine Meat Co., Ltd.

This company was registered in 1892 and its name changed to its present form in 1914. Its headquarters are Cecil House, E.C. 1, London. Its directors up to the time of its acquisition by the Vestey interests

were

S. Young, Chairman,
W. Blease,
W. Higgins,
Lieut. Col.W. Parish,
Hon. A. P. Henderson, and
J. A. Wood.

The company's authorized capital was two million pounds, slightly less than $10,000,000. The company had been very remunerative for a period of years, paying 8-1/2% on its preferred stock, and 10% dividend yearly with 2-1/2% bonus on its common stock; likewise increasing its reserve considerably and redeeming a considerable amount of its outstanding debentures.

On October 11, 1922, the board of directors announced that it was negotiating for the sale of all of its ordinary and preference share capital to a competing concern, and that the prices being considered were looked upon as high enough to be satisfactory to all shareholders. No further particulars were given until October 13, when a conditional agreement was announced with the Western United Investment Co. whereby it agreed to purchase the whole capital stock at a price of 65s. per share for each pound of common stock and 32s. 6d. for each pound of preferred stock, payable November 15, 1922.

It will be seen that the preferred shares were being bought up at more than 50% above par and the common shares at over 300% above their par value. The fulfillment of the agreement was guaranteed by Lord William Vestey and Sir Edmund H. Vestey. The agreement was conditioned upon the acceptance thereof by persons holding at least 75% of each class of stock. At the time of purchase, the balance sheet of the British & Argentine Co. showed assets of over four million pounds, of which two million pounds were

in the form of British government securities, Treasury bills, and cash. Before the announcement of the negotiations, the common stock was selling around 35s. and the preferred around 28s. They were bought in at 65s. and 32s. respectively.

The directors of the company in announcing that they had agreed to accept the offer with respect to their own holding, recommended like action by other shareholders, and also announced that they were to receive 30,000 pounds each as compensation for loss of office! This amounts to $140,400 for each director.

The British and Argentine Meat Co. in addition to its packing plants owned when acquired by the Vestey interests above 900 multiple retail shops in the United Kingdom. This company has for years been the largest British exporter of Argentine meat and meat products. It was originated by fusing the former Las Palmas Produce Co. and the River Plate Fresh Meat Co. It was freely stated that when Vestey Brothers acquired this interest, they became the largest concern in the world engaged in the preparation, distribution, and sale of meat products.

The Las Palmas Produce Co., Ltd.

The Las Palmas plant was originally built by the Nelson brothers, and is probably the largest in capacity of any Argentine plant. It is now owned by Vestey Brothers but is conducted under the direction of the British government, which shares in the profit. This is the arrangement originally made during the war, but which has been continued with profit by the English government through the Board of Trade in the postwar years.

For the fiscal year ended March 31, 1921, the profit of this plant, made in competition with other meat interests, was between $2,500,000 and

and $3,000,000. How long the British government expects to continue in the packing business is, of course, unknown. It is of distinct interest, however, that a foreign government controls the principal meat packing plant in South America, and competes not only with private companies of its own nationals but with those of the Argentine and of other foreign owners operating in the Republic.

Venezuelan Meat Export Co., Ltd.

The plant of this syndicate, also owned by the Vesteys, is located in Puerto Cabello, Venezuela. Its packing plant (frigorifico) has a capacity of 500 beef cattle per day.

Brazilian Meat Co., Ltd.

This company was incorporated in Brazil in 1917 by Mr. T. Ellis acting in behalf of Vestey Brothers. They have a plant at Mendez on the Central Railway of Brazil, about 50 miles from Rio de Janeiro. It has a packing plant of the most modern type and has a capacity of about 700 head of beef cattle a day.

Tupman Thurlow & Co. (New York and Chicago).

This company is the New York representative of Vestey Brothers, Ltd., and is said to either be owned or very closely affiliated with them. The writer has not had an opportunity to investigate the company's ramifications in the American meat business.

W. Weddel & Co., Ltd.

This is one of the prominent colonial and foreign meat merchandising companies. It was originally established in 1883, and in 1911 was incorporated. Subsequently, by far the larger part of its stock was acquired

by the Western United Investment Co., Ltd., the holding company for the Vestey interests. Its offices are at 17 St. Helens Place, London.

The company not only has a number of branches in Smithfield Market, but also has locations in Tooley St. and Victoria Dock, London, two branches in Liverpool, and one in Glasgow. Its outside agencies are located at Melbourne, Brisbane, and Sydney, Australia, and at Christchurch, New Zealand.

In passing it should be stated that Vestey Brothers have other plants and interests in New Zealand, including those acquired through the purchase of W. & R. Fletcher Co., Ltd., the Westfield Freezing Co., Ltd., and the Whangery Freezing Co., Ltd.

Whangery Freezing Co. are importers of frozen, chilled and tinned meats and also of butter, cheese, grain, wool, tallow, hides, skins, etc., from all the British colonials and South America.

W. Weddel & Co. has published annually for 35 years "The Review of the Frozen Meat Trade", affording the most comprehensive information in concise form available anywhere regarding the British meat trade.

The Anglo South American Meat Co., Ltd.

This company is owned outright by Vestey Brothers, Ltd., and is one of the ten most important Argentine companies. The writer was not able to secure its plant capacity but in the wartime pool allowing percentages to the South American packers this plant had about 4% allotted to it out of a possible hundred, including the four large American companies, the Argentine companies, and the English companies.

Some further information concerning these companies will be given later in this report.

DIFFERENTIATION OF TRADE

In all consideration of the meat trade of the United Kingdom it is important to remember that fresh meats, whether beef, mutton, veal, or pork, are handled through a different type of retail and wholesale enterprise, generally speaking, than are bacons, hams, lard, fat meats, and other provisions. London is the headquarters for the former, and Liverpool for the latter. Not one fresh meat shop in a hundred handles provisions.

DIVISION OF SOUTH AMERICAN EXPORT BUSINESS

The most important packing companies in Argentine and Uruguay, hence in South America, of which there are ten, are shown in the following list, together with the percentage of export business in chilled and frozen meats done by each of them in 1917. In this connection it should be remembered that most of the South American plants were working far below capacity in that year. For instance, in Brazil where the same situation prevailed as in the Argentine, possibly somewhat accentuated, the plant of the Brazilian Meat Co. at Mendez, with a capacity of 700 head per day, was killing only about 250 to 300.

Compania Swift de La Plata, S.A.	15.2%
Frigorifico Montevideo (Swift)	13.1%
Frigorifico Armour de La Plata, S.A.	12.5%
Sociedad Anonima La Blanca (Armour & Morris)	11.4%
Frigorifico Wilson de la Argentina, S.A.	5.2%
Las Palmas Produce Co., Ltd.	24.7%
The Smithfield and Argentine Meat Co., Ltd.	5.4%
Compania Sansinena de Carnes Congeladas	4.1%
Frigorifico Uruguaya	4.5%
The Anglo-South American Meat Co., Ltd.	3.9%
	100.0%

Two other South American companies, the extent of whose business is not known to the writer, are

Compania Frigorifica Argentina de Tierra del Fuego,
Sociedad Cooperative Frigorifica de Puerto Deseado, Ltd.

There are changes from time to time in percentage relations necessarily as the business of one company thrives and that of another falls. It is understood that during the past year the various Vestey companies have greatly increased their business. It is also reported that Swift & Company has sold one of its plants to Liebig's Meat Extract, Ltd. The particular plant sold was the Paraguan Cold Storage and Meat Packing Company.

<u>Vestey's Chinese Interests.</u>

The extent and detailed characteristics of the Chinese operations of the Vestey companies were not determined. However, it is understood that the greater part of it relates to butter, eggs, and similar produce, together with a small amount of Chinese lard and bacon.

Division of Output of South American Frigorificos by Nationalities.

In 1919, according to the report to Parliament of the Inter Departmental Committee on Meat Supply of the British Board of Trade, the output of the packing plants on both the Argentine and Uruguayan sides of the Rio de la Plata was divided as follows according to nationality:

Original British companies	18.5%
Vestey and Las Palmas	16.1%
Argentine company(Sansinena)	8.2%
American companies	57.2%
	100.0%

The percentage division by companies shown on a previous page were obtained from the recent report of the Ministerio de Agricultura de la Nacion entitled "Comercio de Carnes".

In the division by nationalities the American companies included are, in order of importance:

Swift & Co.,
Armour & Co.,
Morris & Co., and
Wilson & Co.

Their several shares in the 57.2% are supposed to be approximately as follows:

Swift & Co.	28.2%
Armour & Co.	18.1%
Morris & Co.	5.7%
Wilson & Co.	5.2%
	57.2%

With the recent purchase by the Vestey interests of the British and Argentine Meat Company, Ltd., the number of British companies is reduced to two, and they control not less than 34.6% of the total business. As the Vesteys control over 30% of this total, they are now the greatest single factor in the South American meat industry. It is estimated that

their monthly capacity is from 40,000 to 45,000 tons, or rather more than half a million tons per year.

Persons claiming to have reliable information state that the Vestey companies import between 30% and 35% of the usual total British requirements classified under the head of "Imported Meat."

(The press of July 20, 1923, announced the purchase by the government of the Province of Buenos Aires from Vestey Brothers of one of its plants hitherto owned and operated by the Anglo-South American Meat Co., Ltd. (Frigorifico Anglo-Sud Americano). The press comment in Argentina commends the purchase and operation by the Province of an official packing plant. The stated purpose of the government is to possess a weapon with which to thwart the monopoly exercised by a group of packing companies. It is assumable that the group referred to is composed of the American companies. As will appear from this report, the American nationals operating packing companies in South America have very keen competition in the Vestey plants which, since the purchase of the British and Argentine Meat Company, constitute a larger factor than any single American company and which, even with the sale of one of the Anglo South American Meat Company's plants may still be the largest. The statements in the press do not indicate whether or not the Vesteys made a marketing contract with the government of Buenos Aires which will give them a monopoly of the distribution of the product of the State operated plant. This is a common practice in such negotiations and would give Vesteys an attractive earning for their marketing and distribution services, and possibly also create tonnage for the Blue Star Line of ships, which will be mentioned below.)

The Blue Star Steamship Line.

Vestey's fleet of refrigerated steamers is owned by the Blue Star Line, Ltd., Holland House, Bury Street, E.C. 3, London. This Line owns and operates the ships named in the following list, which also shows in cubic feet the refrigerated capacity of each ship:

Albion Star	374,000
Brodholme	319,000
Celtic Star	286,000
Doric Star	439,000
Empire Star	390,500
Gaelic Star	289,500
Ionic Star	289,500
Magic Star	315,500
Milton Star	152,000
Norman Star	347,500
Roman Star	323,500
Royal Star	431,500
Saxon Star	325,000
Stuart Star	332,000
Tudor Star	307,000
Tuscan Star	328,000
Viking Star	365,500
Total	5,675,000

The total British owned fleet of steamers fitted with refrigerating machinery on January 1, 1922, was 305 ships of a total capacity in cubic feet of insulated space of 65,535,500. On that date 25 steamers with an additional capacity of 4,116,500 cubic feet were building. The total owned by the Vesteys will therefore be seen to be 8.65% of the total British refrigerated carrying capacity. The name of the Vestey line is the "Blue Star Line". As it requires roughly 100 cubic feet of refrigerated space per long ton of 2240 lbs., chilled or frozen meat, it will be seen that the total capacity of the fleet is 56,750 tons.

It is understood that some other ships are under consideration for purchase, including the Kumara with 229,500 cubic feet of refrigerated

space. Later in this report there is some discussion of the motives that led to the building up of the Blue Star fleet. The ownership and operation of this fleet is another evidence of the vertical integration in production, manufacture, distribution, and sale of livestock and meat products as conducted by the Vestey interests. None of the American packing companies, so far as the writer knows, owns or operates a single refrigerated ship of any commercial capacity.

SOME BRITISH VIEWS REGARDING THE PACKING INDUSTRY

The larger packers of Great Britain, as well as the lesser elements in the trade, expect a continuance of the development of larger units in the industry with a growing concentration of larger and larger volumes in the hands of fewer companies. They argue frankly that this is in the nature of things necessary and desirable. The enormous demands made by the War for increased supplies resulted in the building of plant capacity far beyond the present needs of the world. Lord William Vestey estimated that the packing house capacity available today anticipates the needs of the world for the next twenty years, in which time deterioration and depletion will have made much of the present plant unavailable for use. He states frankly that in his own operations he has from time to time deemed it necessary to close and dismantle plants, to buy out competitors, and even close their plants or his own competing plants according to which were the more efficient and economical for operation and management.

The opinion prevails in England among those most vitally concerned that while a few of the packing enterprises of the world have possibly reached the maximum size admitting of efficient management and profitable

operation, the trend will be toward a smaller and smaller number of independent companies with a larger volume of business for the lesser number that remain in the field. This does not mean that 4, 5, 10, or 20 large companies will control the field but that in the evolution of the industry there will come to be 100 or more relatively big companies in which several thousand companies of today will be coalesced. Small companies will represent a transition stage meeting the needs of certain communities independently until such time as their development calls for wider outlets, extensive distribution systems, etc., when they will be acquired by some of the larger, though still moderate sized units. While it is admitted that a few companies may have reached a size forbidding greater immediate development, the opinion seems to prevail that with the need of greater managerial ability men will be developed in the industry as rapidly as it requires them, capable of building up organizations able adequately to conduct operations of practically unlimited size. It is rather interesting to find this point of view prevailing as there are some signs in the United States that some of our largest companies are tending to inefficiency if not actual disintegration under conditions of great size.

A number of well-informed men were asked whether they thought there was any likelihood of or tendency toward world-wide control, or relative control, by reason of concentration in the hands of a few large companies of the world's meat supply. They all minimized not only the likelihood, but even the possibility of any such development. With the return of relatively free interplay of economic forces in the world, they say capital is so mobile that no sooner would a tendency in this direction present itself, with any accompanying elevation of prices and increase of profits,

than enterprisers would come forward who would be willing to put new capital in the hands of new men who would insist on sharing in the profits, thus breaking down any possibility of any world-wide control whatsoever. This is debatable ground but such views are at least interesting.

Developments as to Government Supervision.

There is only a moderate interest in Great Britain in the supervision that has been effected in America through the Packers and Stockyards Act. When one speaks of supervision, the English mind instantly thinks of meat inspection, sanitary laws and regulations, and matters of this sort, and practically never of business regulation. Any tendency toward Government supervision that existed during and prior to the War was created by a certain indefinite fear of the big American companies who apparently are no longer much feared. The losses made by them during the past three years are quite well known here among the packing and trading interests and seem to have quieted any thought that the five large American companies would ever hold a whiphand in Great Britain. Wherever livestock and meat problems in Europe are discussed, and this is particularly true of England, France and Germany, the scathing criticisms of the American industry in the Federal Trade Commission Report are injected into the discussion.

In Europe there is an inability to understand how any Governmental agency would so severely condemn an important domestic business, knowing that whatever was said would be used throughout the world against the foreign development of that business on the part of the units thus subjected to condemnation. At least the larger packing interests in Great Britain do not believe more than a small part of allegations against the

American packers. They do not fear them particularly as competitors and they consider such collusion as may be possible as being relatively impotent. As to their power to monopolize in any predominant or even substantial sense, they merely smile and say they will take their chances. On the other hand, it appears quite evident from time to time, without having direct evidence, that as competitors the British companies lose no opportunity to disseminate information, particularly when it emanates from the United States, that is disadvantageous to the American packing companies. This is wholly in line with human nature, and no doubt our own packers as they find opportunity in the South American field, where they come into such direct competition with the English companies, resort to the same tactics. Such actions are usually excused by the plea that "Business is business".

At present there is considerable discussion of legislative interference with the livestock industry in the Argentine. The attitude on that question in London is that the packers themselves are as vitally interested in the success of the industry as are the producers. Possibly this overstates the real position, but it does represent the frame of mind.

The lack of a permanent Civil Service in the Argentine, based upon merit, it is stated, creates a situation that is not attractive when business interests try to operate without fear or favor. Nevertheless, the conviction was repeatedly expressed that any interference with the industry in the Argentine that did no actual harm would not be resented, and that any legislation that hurt the industry would reflect itself through the operation of business and economic loss so quickly upon the producer that no government could afford to do anything carelessly or wantonly. The

strength of the agragrian party is so great in that Republic that no government could live which legislated wittingly or unwittingly to the disadvantage of livestock producers.

Distribution

The trend of market distribution in Great Britain is rather confused as to sources of supply but not as to operation. The wholesale and retail distribution system is the product of so many years of growth and so completely suits the requirements of the consumer that only gradual evolutionary changes are likely to take place.

Great Britain receives her meat from a wide variety of sources, including her home production, the Irish Free State, Denmark, Holland, Russia, the United States and Canada, South America, Uruguay, Patagonia, Venezuela, Australia and New Zealand. Some comes from South Africa, and occasionally even a little from China - a country that can ill-afford to export from one section what her own people need in another. Sweden furnishes certain fresh pork products and also a certain amount of bacon and hams.

For years there have existed strong chains of multiple shops, as the meat chain stores are called in England. Prior to the development of the huge Vestey chain, which has since acquired it, the largest of the old independent companies owned and operated as high as a thousand fresh meat shops. The opinion prevails that this development will continue because of the greater economy that is possible in securing supplies and passing them on to the consumer.

Not only is the tendency toward integration in ownership of retail shops very pronounced but wholesale chains are increasing in number and

importance. In this field again the Vestey interests are prominent. In Smithfield market alone, they own about thirty wholesale sections. The size of the individual retail meat shops shows extraordinary variation. The shops themselves require no extensive or expensive equipment. Racks suitably equipped with hooks for hanging quarters, halves and other goods, as well as counters, chopping blocks and the cash register, are more nearly all that are necessary in the way of equipment than one would readily believe. Only such stock is ordered as can be turned over about twice a week. Inventories are negligible, opportunities for extensive speculation relatively small, and expenses of operation cut to the bone.

The opinion seems to be that there will be an indefinite future of development of the chain store, particularly in the handling of fresh meats. There are already some relatively small chains active in the provision trade, but there seems to be a less pronounced tendency of development in this direction. It is said that the original venture of the Vesteys into the field of chain meat stores, which began about 25 years ago, is responsible for the competitive situation which has brought about so extensive a development of this idea in the fresh meat as compared with the provision trade. Sooner or later it seems probable that one of the present provision trade chains will bring about a similar competitive condition in the provision trade and we shall then see a strong development of multiple shops handling bacons, hams, butter, cheese, lard, poultry, and the other products on which provision shops specialize.

The practice of resorting to advertising for the development of markets is almost unknown in England. It would surprise Americans to know that an enterprise the size of the Vesteys spends less than £ 1000 a year

for advertising on which American companies of equal size would spend hundreds of thousands or even a million. This does not destroy the importance of advertising as a selling force.

American Companies Do Not Engage in Retail Business

The well-known Packers' Consent Decree, entered by the Supreme Court of the District of Columbia in the case of the United States of America, petitioner, versus Swift & Co. and others, defendants, absolutely precludes the five large packing companies - of which there will be only four if the courts finally approve of the Armour-Morris merger - from engaging in the conduct of retail meat markets in the United States. The terms of the Consent Decree on this point are so specific that they are worthy of quotation:

> "Sixth. That the defendants and each of them be, and they are hereby, perpetually enjoined and restrained from, in the United States, owning and operating or conducting, either directly or indirectly, severally or jointly, by themselves or through their officers, directors, agents, or servants, any retail-meat markets in the United States: Provided, however, That nothing contained in this decree shall prohibit said defendants or any of them from continuing to conduct the retail-meat markets located at their several plants and maintained by said defendants primarily for the accommodation of their own employees as long as said retail-meat markets shall be continued to be operated for that purpose."

The exception contained in the proviso is unimportant. If the conduct of retail shops is to be a benefit to the consumer of meat and to the producer of live stock, it must be undertaken on a large and comprehensive scale. The successful operations of chain grocery stores, like the Atlantic and Pacific Tea Company, which now has over 6,000 branches in the United States, suggests that the prohibition against retailing in the packers' consent decree may not be in the best interests of all of the people. Although the American packers are not prohibited from engaging in retailing

in the foreign field, they have not seen fit to do so, neither have they, as a matter of fact, except in a very limited way in connection with their several plants, conducted any retailing operations within the United States even before they were estopped from so doing by the consent decree.

The writer was told that on a small scale at times in Great Britain one or two of the packers have conducted retail shops in an experimental way. That such operations were inconsequential is obvious. The practically universal method of the American packers in Great Britain is to sell to the wholesaler and the retailer, who in turn complete the distributive process.

DISTRIBUTIVE PRACTICES

The customary method of multiple shops in supplying their needs is to make contracts for future delivery, not in the sense that cotton and grain are traded in on future exchanges but for the spot article to be delivered on forward dates according to the probable needs of the English distributor.

In the frozen meat trade, contracts are made with the freezing company under which the ship lays the goods down in England on a C.I.F. basis. The English buyer pays the C.I.F. price and assumes responsibility for the goods from the moment of unloading from the vessel. This is, of course, the situation when the distributor does not own a packing plant that supplies a part or all of his requirements. The buyer pays cash on surrender of the steamship bills of lading and other documents, and then distributes his meat to the stores according to the practice he may have developed.

There are four quite distinct classes of importers in the beef and mutton trade. The first are the South American packers, who distribute

the product of their own plants through their own distributing houses to retailers in London and the principal provincial towns and cities. The second class is made up chiefly of the Australian and New Zealand outfits, which do not have a distribution system with the requisite branch houses in Great Britain. These stores distribute in a variety of ways but generally through wholesale distributors who sell to the general trade; through contracts with large retailers who receive their supplies either ex-ship or ex-cold storage house as may be necessary, or through speculators who buy for their own account and resell in any way that may prove advantageous to them. A goodly number of British firms buy in producing countries and import for their minimum requirements direct. The least important class of distributors are consignment receivers, who are small wholesalers taking care of business that comes from small packers in countries like the United States, from the cooperative factories in Denmark, Holland, South America, and from similar organizations and individuals in Ireland and elsewhere. The English colonies also ship in a moderate quantity of consignment goods. London, Liverpool, and Southampton are the great receiving ports.

ATTITUDE TOWARD AMERICA AS A SOURCE OF SUPPLY.

Except in provisions, canned meats, and some relatively minor products, the United States is no longer looked upon as an important source of supply for the United Kingdom. We scarcely produce mutton and lamb enough to supply our own needs. Rapidly we are assuming less and less importance as exporters of beef. In fact, out of a total of over 536,000 tons of chilled and frozen beef imported to Britain in 1922, less than 100 tons came from the United States. It is generally thought here that with a

growth in population of the United States of over a million persons a year, we shall soon become one of the most important importing countries. This view is certainly borne out by the trend of affairs since 1897 when the United States was the chief beef exporting country of the world.

EFFECT OF CLIMATE ON FACILITIES REQUIRED FOR MEAT DISTRIBUTION

Except in the fish trade the use of ice for preserving food during the course of retail distribution is practically unknown. None of the fresh meat shops are supplied with refrigerators. A bibulous acquaintance stated that even in hot weather it is almost impossible to get ice enough to cool a cocktail, that does not have a fishy taste. This may be an exaggeration, but it is a fact that the coolness of the climate makes possible the distribution of meat brought all the way from Australia and South America without great loss through spoilage after reaching England. This situation simplifies the whole matter and reduces distributive costs considerably. It is likewise contended that it forces prompter distribution, giving the public fresher meat. If freshness were a matter of time between the date of unloading from the ship and actual consumption, this might be agreed to. As a matter of fact there is a considerable deterioration in quality, and it is no doubt due to the existence of a practice of distribution that does not involve the use of cooling facilities after the product leaves the ship or the cold storage warehouses. A country with a continental climate with wide variations between the prevailing temperatures from day to day for the different seasons of the year could not resort to so simple a type of meat distribution. At least it would involve daily purchasing, daily distribution, deterioration with consequent waste, whereas

in England a relatively even temperature from day to day and season to season appears to make it possible to hold perishable products without extensive or expensive equipment.

The usual type of meat store in Great Britain would not suit American consumers because it is open, with the attendant possibility of dust and dirt settling on the product. Not in one of the dozens of shops visited in London, Liverpool, Manchester and Dublin, was there such a thing as a glass, case, either with or without refrigeration. This does not mean that the meat of the English consumer is necessarily on the average greatly contaminated, it merely reflects climatic and other conditions that change distribution methods and practices and minimizes the need for certain types of facilities. Sometimes these facilities would be extremely useful, but in the long run the actual necessity of using them is held to be so occasional as not to warrant the expense of installation and upkeep.

THE POLICIES, METHODS, AND ORGANIZATION PRACTICES OF THE VESTEY ENTERPRISES.

British business men guard very jealously information concerning their private business, and all the business they do is private no matter how intimately it affects the public. Lord Vestey was quite willing to give facts and conclusions, but generally without detail. The following chapters will discuss the Vestey retail operations. They are based on various sources of information including interviews with Lord Vestey, his multiple shop departments, manager and others.

POLICY AS TO THE OWNERSHIP AND OPERATION OF RANCHES AND OTHER LIVESTOCK PRODUCTION ENTERPRISES

It is frequently stated that the Vestey interests are heavily engaged in livestock production. Lord Vestey states that this is not the case; that they do have a few ranches but that they carry them on more for

the experience they secure and to keep them in touch with costs of production and producers' problems than with any expectation of profit. In his judgment, it would be inane for any packing company to attempt producing any part of its supplies worthy of the name.

EXTENT TO WHICH VESTEY INTERESTS OWN PACKING PLANTS, LOCATION, AND PROBABLE TREND.

At present the Vestey, or closely allied, interests own or have an interest in one or more packing plants in each of the following countries: the Argentine, Uruguay, Brazil, Venezuela, Patagonia, Australia, New Zealand, South Africa, Canada, and China. Lord Vestey did not deny the rumor that was reported to him, that he was negotiating for a plant in the United States. In fact, his laughing evasion might have been regarded as tantamount to admission. He plans for great development in their Argentinian activities, and is so on the present and latent possibilities of that Republic that he no doubt will swing an almost unlimited amount of capital into securing and holding the controlling hand in its packing industry. His coup in buying up the British and Argentine Meat Company, whose stock appreciated over $50 in a single day when it became definitely known that he was negotiating its purchase, shows that he is a daring operator and that the investing public has confidence in any enterprise which his interests are to manage. He is convinced that larger units are desirable and unavoidable. He does not hesitate to buy out competitors and close down either his plant or theirs, according to which will serve his business interest best.

THE STEAMSHIP BUSINESS OF VESTEY BROTHERS.

A statement as to the Blue Star Line fleet has already been made.

Lord Vestey's account of how he came to be in the steamship business was more than ordinarily interesting, considering the fact that some American companies feel that he is trying to monopolize the whole chain of production, manufacture, shipping, and distribution. At the outbreak of the War his packing plants in South America needed refrigerated space to get meat to England. Likewise, he had to supply the big trade which he had developed in the home country and had to keep his cold storage houses sufficiently filled to make them paying ventures. One week, to his amazement, he found that the American packing companies had secured from the important steamship lines what amounted - as he relates it - to a practical monopoly of all of the available refrigerated steamship space for Europe. British Government authorities and competing businesses do not see the matter in the same light as Lord Vestey. At any rate, neither pleas nor threats helped him to secure what he required except by the payment of very exorbitant tonnage rates. He immediately took steps to free himself of the predicament in which he was placed. He purchased one or two ships and immediately began building others. He now has a fleet of 23 ships flying the pennant of the Blue Star Line. Eighteen of these ships are refrigerated and provide him with about 5,904,500 cubic feet of refrigerated space.

This does not by any means give him a monopoly, as it represents only about 8.65% of the British refrigerated meat space available. It does, however, give him a trading position of extraordinary strength in getting space from the other steamship companies. It is not his plan to extend his fleet greatly, either through building or purchase of new vessels. He will be guided wholly as to whether his active needs can be provided with reasonable promptness and at reasonable cost by the existing

carriers.

FUTURE COLD STORAGE DEVELOPMENT.

It is the policy of the Vestey interests to own or control a reasonable amount of cold storage space in all producing and consuming countries in which they operate. This applies, of course, to all their manufacturing and distributing plants exactly as it does to our packers. The Vesteys, however, can further - and consider it good business - conduct public cold storages which, as stated before, is forbidden to our packers by the Packers' Consent Decree. The keystone of their cold storage operation is the Union Cold Storage Co., Ltd., in which the Vesteys are most intimately identified personally. In fact, while they have many companies, it is the Union Cold Storage Company which serves as a clearing house or managing institution for practically all of the other operations, including the packing plants, wholesale houses, retail shops, and other enterprises.

It is understood that the Vesteys have no present plans for extensive increases in their cold storage capacity, the space now available being sufficient for the present and for the immediate future. Ruhr and reparation adjustments, with attendant revival of European business, probably would bring about a change in the position.

POLICY AS TO FURTHER DEVELOPMENTS OF WHOLESALING FRESH AND FROZEN MEATS AND PROVISIONS

The Vestey interests compete with the wholesalers to whom they sell as packers and with the retailers to whom they sell as distributors and importers. They do not find any prejudice worthy of note against them because of this, and their business is growing with leaps and bounds in spite

of what they regard as keen competition. As a matter of fact, their practice of retaining the old names of the shops and other enterprises they buy may play a part in this situation. However, Lord Vestey was very positive that in the English trade at least, the buyer was going to buy from whomsoever furnished him with what he wanted at the most reasonable price and under the conditions that suited him best. He is probably fundamentally right. In America we are given to attributing too much importance in certain cases to psychological factors. While psychology is important, it is much more important in politics than in business. In the long run a business man is going to do the thing that gives him a good statement for his banker. The Vesteys will no doubt acquire, as their retail business grows, additional wholesale houses, either from the establishment of new enterprises direct or more likely through the purchase of existing going concerns.

VESTEY BROTHERS' RETAIL OPERATIONS.

Lord Vestey confirmed generally the information previously gathered as to the number of retail stores his interests are operating. They now have almost 2,500 shops, the greater part of which are in London, Liverpool and Manchester, but they are also scattered throughout the more important provincial towns of the United Kingdom, and there are also some in Ireland. Lord Vestey, according to his interesting relation of his experiences, was forced into the retail business by reason of the fact that 25 years ago such a prejudice still existed in Great Britain against frozen meat that there was difficulty in establishing a trade. His South American plants at that time were preparing and shipping frozen beef and the English retailer was condemning it as practically unfit for human con-

sumption. To meet the situation Lord Vestey and his brother, Sir Edward, launched into the retail game. It has proven an effective method for the distribution of frozen meat and an effective weapon for overcoming the prejudice against it.

The multiple shop department is constantly purchasing additional stores, conducting them under other names, and constructing new stores in locations where they consider the opportunity for building up a competitive trade attractive. Naturally also they are discontinuing stores from time to time. Lord Vestey made it perfectly clear that he was not wedded to a losing concern. Any individual store or group of stores that cannot be made to pay a fair return on investment within a reasonable length of time soon finds its way into the discard.

Method of Operation

The Vestey interests have not attempted to bring about any change in the purchasing habits of the English public. While they attempt to minimize service in order to keep costs down, they do not carry this to the point of an absolute policy. Originally, the stores in the various chains were confined to a considerable extent to the poorer districts of the cities. During recent years there has been a very distinct trend into the better residential sections, and Lord Vestey stated that their greatest development now is in that direction. The organization is by districts. Mr. Brown, Lord Vestey's immediate personal assistant, heads up the whole retail business. Under him is a general assistant with district managers, to whom in turn the individual shop managers report. No relationship is effected between the numerous independent chains the Vestey interests have acquired. In other words, Ainslie managers continue to work for Ainslie,

and the Fletcher managers for Fletcher, in spite of the fact that all of them are really working for Lord Vestey and his associates. The individual shops within the several chains also work wholly independently, except as there may be some personal contact between managers through friendship or location.

Selection of Personnel

The central office of the Union Cold Storage Co., Ltd., selects only the district managers. The district managers in turn select the shop managers, and the shop managers their assistants. Nine-tenths, at least, of the employees receive their total compensation in the form of a straight salary. No bonuses are given and they are not in any sense made partners in the business as is so often the custom in the United States. A very small number receive no salary but get their compensation in the form of a percentage commission on the business done in their shops. Lord Vestey believes that a salary is the most satisfactory basis of employment. If it is necessary to give a man bonuses in addition and some indirect interest in the business, he feels pretty confident that what is needed is a change of men.

A manager who shows bad judgment, either in judging his trade or in conducting his shop, or in the ordering of his supplies, is let out. At that, the turnover in employees of the manager grade is not relatively great. The situation in America in this regard is rather different as the opportunities for substitute employment are much broader here than in older countries. It is not unlikely that under our conditions at least 25% of the branch managers would be graduated every year into employment in other stores, or to become independent store operators. Nevertheless, it is of

great interest that Lord Vestey does not find the problem of maintaining a satisfactory managerial personnel an insuperable one. In the lower grades of shop assistants the turnover is greater, but the difficulty of securing workers is relatively small because of the generally simple character of the tasks to be performed.

Only a very small number of all of Lord Vestey's employees are placed under bond, and not a single one of his nearly 2,500 shop managers is bonded. A careful system of inspection is maintained and dishonesties when discovered mean dismissal and, if necessary, prosecution, so that the discovered loss through theft or mishandling is negligibly small.

Ordering of Goods

Each shop manager is trusted to furnish his district manager with the list and quantity of products required for his unit. Whole carcasses, halves or quarters, as the case may be, are ordered and issued to the branches. In no case is there a central cutting plant, and in no case is a branch permitted to order only certain cuts. It is Lord Vestey's observation that the best way to sell undesirable or neglected cuts to the greatest advantage, is to have the largest possible number of shops responsible for disposing of them. If a central cutting plant were maintained and the shops were permitted to order the cuts that the consumer preferred, the result would be that the district office of the cold storage plant would be left with a large quantity of the neglected and uncalled for cuts on hand. Hence, whole pigs, whole sheep, half carcasses of beef, are issued to each shop and its management is made completely responsible for their sale. For the most part goods are delivered twice a week. They are billed to each store substantially at cost. A large part, of course,

comes direct from the Vestey packing plants through their wholesale shops, but cost is determined just as it would be in any commercial operation. There is a certain addition to the price to cover overhead, cold storage charges, handling costs, shipping and all other expenses, and the individual store manager in conference, so far as may be necessary, with his district manager, then determines the prices at which he is to sell in his territory. He is given a wide latitude of decision but in the end he must average out with the profit. The important reason for not fixing prices centrally and then requiring their uniform application is that the chain stores must be free to meet the competition of the neighboring independent shops. This can be done only when the manager has authority to vary his prices according to the requirements of the situation.

One of the reasons for not maintaining central cutting plants is that English consumers in different sections have decided preferences for and prejudices against certain cuts. While central cutting would enable the home office to exercise a larger control, it would also, to a certain extent, tie the hands of the manager in meeting competitive conditions.

Inventory Practices

As the manager orders according to his judgment twice a week what will be required, his shop is practically cleaned up every third day. Wednesday night and Saturday night find him practically bare of goods. What he does carry over is of course reported, but a very low value is set upon it by reason of its being three days old, and hence probably difficult to sell. In any event, it is written down at so low a price as practically always to yield the value ascribed to it. The lack of emphasis on the importance of the inventory is rather surprising. Lord Vestey stated

that it was only because the experience of years had taught them that at the end of each three-day period the value of goods left on hand was relatively negligible.

Accounting Practices

The accounting requirements of these shops are very simple. They cover only the total poundage of each species furnished, the receipts which are always in cash, plus an item showing the outstanding credit extended to customers. As in the case of ordering stock, the cash receipts are turned in twice every week, and this takes place on Mondays and Thursdays. As a result of this procedure the central office is advised twice weekly exactly where each shop stands, and hence exactly what profits and losses are being made throughout the chain.

Credit to Customers

The English consuming public, like the American, is to a considerable extent accustomed to receiving credit. The chief difference is apparently largely one of the length of time for which credit is extended. In America it is a month and with the English it is customary to pay one's bills weekly. The losses due to bad accounts are, according to Lord Vestey, absolutely negligible. They have made some losses due to dishonesty of managers, but, related to the totality of the business, all losses are small.

COST OF OPERATION, TOTAL SALES AND PROFITS

Earlier in this report the attitude of British business men toward any disclosure of the details of their operations was pointed out. Lord Vestey was very generous with his time and in giving general account of his operations and ideas. With respect, however, to specific figures as to

cost of operation, total volume of business by species or in combination, total sales, average sales per shop, and total and average profits, he showed the historic position that these were trade secrets. He stated that their accounting records were nevertheless very accurate and that he was willing to state his general conclusion from them. It was that he finds the operation of his great chain of multiple shops satisfactorily profitable and the only wholly dependable outlet for his products.

Lord Vestey is very familiar with conditions in the United States. As will appear later, he learned the business in America in his young manhood and during and after the war resided in the United States and Argentina for competitive business reasons. He is familiar with the Consent Decree of the Supreme Court of the District of Columbia which, together with their own lack of desire, has up to now prevented the large packers of the United States from engaging in retail distribution. He gave it as his unqualified judgment that this section of the decree is an economic and business mistake. In fact, he holds the view generally that artificial barriers are disadvantageous to both producer and consumer. It is quite clear in view of the continued extension of his retail operations, both through the recent purchase of the British & Argentine Meat Co., Ltd., with nearly 1,000 shops and by constantly adding other shops in key locations, and from his building of new shops in many sections already supposed to be well supplied, that his conclusion of the whole matter is based on sincere conviction growing out of experience at home and observation in America.

Officers of the former Ministry of Food have stated that there were times during the war when the profits from retail operations saved the day for British packing companies that operated multiple shops. Judging from

the losses of the American companies during 1921, this experience may readily have recurred during the postwar period.

PERSONAL SKETCH

Lord William Vestey, Managing Director of the Union Cold Storage Co., Ltd., Head of the Blue Star Line and many other associated enterprises, was created a Baronet in 1913 (Sir William Vestey) and was made a Baron in 1922. He was born in Liverpool on January 21, 1859, and was educated at Liverpool Institute. About 1879, when he was 20 years of age, he went to the United States and for some years was located in Kansas City, moving later to Chicago. He spent that period of his life between the age of 20 and 27 in the United States, practically without interruption. All of his family, including 7 brothers and sisters at one time lived in America, though they now live in other parts of the world. His grandparents on both sides went to America and one of them is buried in Watertown, Wisconsin.

Lord Vestey gives the impression of being very much like an American business man, slightly tinged with some of the ideas that we now attribute to the old school. He was perfectly frank in answering questions but when ground is reached that he does not wish to cover he is equally frank in stating his unwillingness. He has the particular facts as to his business at his tongue's tip, in spite of their widespread character. One is impressed by the thought that he is constantly in touch with and active in his business, although he stated that he was now quite idle, due to a reorganization which assigned greater responsibilities to his brother, Sir Edmund, and to their sons, of whom each has four. He is interested in philanthropic work, particularly in relief work among the poor of London

and Liverpool. He is interested in economic developments throughout the world, and in business and social considerations that affect the livestock industry. He is intimately familiar with his numerous interests and appears to remember the name of every ship in his fleet, and possibly even their gross tonnage and refrigerated capacity. No doubt this intimate knowledge plays an important part in the successes he has achieved in building up the enormous business which he heads.

He is positive but modest, and in contrast with American practices his office in the Union Cold Storage Building, West Smithfield, looks poverty stricken. That it functions as the central switchboard of a smooth running and properly functioning business organization, however, seemed apparent, in spite of the plain and almost barren surroundings.

Kindly in his personal relations and square in business, he gives the impression of being shrewd and hardheaded, if not cold-blooded. As a leading competitive figure, he is worthy of the attention of the American industry. His prepossession of the British retail multiple fresh meat shop field is worthy of especial note by American packers whose South American sphere he may naturally try to dominate with reflex effects on the whole North American livestock industry.

London, April 19, 1923.